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Message Text

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PAGE 01 STATE 231703
ORIGIN AF-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 STR-07 /068 R

DRAFTED BY AF/W:PRCHAVEAS:LMG
APPROVED BY AF/W:TWMSMITH
----------115604 131606Z /43
R 131342Z SEP 78
FM SECSTATE WASHDC
TO AMEMBASSY LAGOS

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E.O. 11652: N/A

TAGS: EFIN, EINV, NI

SUBJECT: INDIGENIZATION: NAAFCO SCIENTIFIC SUPPLIES

1. CURT SCHAEFFER OF NORTH AMERICAN AFRICAN COMPANY, 60 SHAREHOLDER IN NAAFCO, CALLED AF/W MONDAY TO REPORT ON MEETING LAST WEEK IN LONDON WITH NIGERIAN DIRECTORS. NAAFCO HAS RECEIVED LETTER FROM NIGERIAN ENTERPRISES PROMOTION BOARD INSTRUCTING IT TO CONFORM WITH INDIG- ENIZATION DECREE BY PUBLIC OFFERING OF NEW STOCK. FOREIGN SHAREHOLDER IS NOT REPEAT NOT TO SELL ANY EXISTING SHARES BUT RATHER TO REDUCE OWNERSHIP BY ISSUANCE OF ADDITIONAL SHARES. IMPAC- OF THIS INSTRUCTION WOULD BE TO DILUTE U.S. COMPANY'S CONTROL IN NIGERIAN CORPORATION WHILE DENYING US SHAREHOLDER ANY OPPORTUNITY TO REPA- TRIATE CAPITAL SINCE NO SALE OF FOREIGN CONTROLLED SHARES WOULD TAKE PLACE.

2. NAAFCO'S CURRENT PAID UP CAPITAL IS APPROX. $2 MILLION
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WITH $1.2 MILLION FROM U.S. SHAREHOLDER. COMPANY HAD ALREADY ACCEPTED CIC VALUATION OF SHARES AT N 1.20/ SHARE AND OBTAINED NIGERIAN BUYERS WHO HAVE MADE DEPOSITS AND COULD SUE IF NAAFCO RENEGES PURSUANT TO NEPB DIRECTIVE.

3. WHILE DIRECTIVE MEETS FMG NEED TO LIMIT OUTFLOW OF DWINDLING FOREIGN EXCHANGE RESERVES, IT IS UN -

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ACCEPTABLE TO SCHAEFFER FOR OBVIOUS REASONS AND HE WOULD PREFER TO LEAVE NIGERIA RATHER THAN CONFORM WITH IT. SCHAEFFER UNDERSTANDS THAT SOME 225 FIRMS HAVE OR WILL SHORTLY RECEIVE SIMILAR INSTRUCTIONS. DOES EMBASSY HAVE ANY INFORMATION AS TO THE GENERAL APPLICABILITY OF THESE INSTRUCTIONS? WAS THIS PROBLEM SUBJECT OF NACC CONSIDERATION AND SUBSEQUENT LETTER TO FMG?

CHRISTOPHER

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NNN

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Message Attributes

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Draft Date: 13 sep 1978
Decaption Date: 01 jan 1960
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
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Disposition History: n/a
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Litigation History:
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Review Exemptions: n/a
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